

1 ITALIAN CALL

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5 May 13, 2021

6 Securities and Exchange Commission v. John Brda et al

7 Case No. 442347-000001

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15 Transcribed by: John Smith

16 JOB No. : 7091577


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EXHIBIT
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<p>1 APPEARANCES</p> <p>2</p> <p>3 MR. SIMONA</p> <p>4 MR. GEORGE</p> <p>5 MR. MARK</p> <p>6 MR. FREDERICO</p> <p>7</p> <p>8 CONTENTS</p> <p>9</p> <p>10 MR. SIMONA.....3</p> <p>11 MR. GEORGE.....4</p> <p>12 MR. MARK.....4</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p style="text-align: right;">Page 2</p>	<p>1 market capitalization in -- in one day? Like -- so</p> <p>2 today we quote with 300 million market cap, and then</p> <p>3 you go to building.</p> <p>4 MR. GEORGE: It's very simple. Yeah. Our</p> <p>5 market capitalization today on the Canadian side is</p> <p>6 very low compared to where it should be, so if anybody</p> <p>7 wanted to buy MMAT stock today, they are gaining a</p> <p>8 massive amount because of this exchange ratio that was</p> <p>9 negotiated in December last year. The difficulty and</p> <p>10 the reason why it's not reflected in the market</p> <p>11 capitalization today is a couple of reasons: Number</p> <p>12 one, nobody is selling the stock, number two, even if</p> <p>13 somebody wanted to buy the MMAT stock, it's very</p> <p>14 difficult because our exchange is the CSE, so the</p> <p>15 liquidity is not available for -- I would say 90</p> <p>16 percent of the brokers, they cannot buy our stock, so</p> <p>17 that is one of the -- I guess mechanically the</p> <p>18 challenges, and why our stock is still considered a</p> <p>19 bargain, you know, if you can actually buy it.</p> <p>20 MR. SIMONA: And -- and for you, you justify</p> <p>21 this -- this (inaudible) is a -- is either</p> <p>22 capitalization because you -- you have your -- your</p> <p>23 doing is -- is closing, and you don't have a</p> <p>24 possibility to fly for it, and probably yes, if you</p> <p>25 stay in free market that for nothing, that you have a</p> <p style="text-align: right;">Page 4</p>
<p>1 RECORDING</p> <p>2 MR. SIMONA: Mr. -- Mr. George?</p> <p>3 MR. GEORGE: Yes.</p> <p>4 MR. SIMONA: Regarding -- if this is possible</p> <p>5 use a deep analysis, what is -- how use -- we use</p> <p>6 (inaudible) or not. The increase of your</p> <p>7 capitalization of Meta Materials, that you pass supply</p> <p>8 of 300 million of Canadian dollars, you pass above two</p> <p>9 billions of dollars in -- in NASDA stock, and you have</p> <p>10 -- from yesterday for example, to the next day when</p> <p>11 finished the merger, you increase your -- your</p> <p>12 capitalization with an (inaudible).</p> <p>13 MR. GEORGE: Yes. There will be an exchange</p> <p>14 ratio of multiplication.</p> <p>15 MR. SIMONA: Yes.</p> <p>16 MR. GEORGE: That will increase --</p> <p>17 MR. SIMONA: But it is a cost (inaudible)</p> <p>18 justify this larger price to -- is it for you, or?</p> <p>19 MR. MARK: Yeah, basically the concern,</p> <p>20 George, is the following, we are going to get a much</p> <p>21 higher market capitalization in one day, right? As</p> <p>22 soon as we go into the Nasdaq.</p> <p>23 MR. GEORGE: Yeah.</p> <p>24 MR. MARK: And what the question that Simona</p> <p>25 was asking was, how do you justify that delta in</p> <p style="text-align: right;">Page 3</p>	<p>1 possibility to have higher chance. You have your --</p> <p>2 your brand (inaudible) potentiality and with high</p> <p>3 price, the share is correct.</p> <p>4 MR. GEORGE: That's correct. And there are</p> <p>5 many examples like this, for example, SPAC deals that</p> <p>6 have been made recently with startups that have no</p> <p>7 revenue, and sometimes one customer valued at 1.5</p> <p>8 billion, or more, has been the case, and our case is</p> <p>9 much more -- I would say, real in the sense that we</p> <p>10 have a lot of IP, we have -- as you saw, more than one</p> <p>11 customer, we are in the growth phase, we've been</p> <p>12 around for 10 years, and there is also an element of</p> <p>13 the oil and gas price, which gives another value to</p> <p>14 the assets of Torchlight that is growing as well, so</p> <p>15 the market conditions are helping both of us actually</p> <p>16 achieve a higher value, at least from a market</p> <p>17 perspective, that's what I see.</p> <p>18 MR. SIMONA: Okay. I -- I try to -- to</p> <p>19 translate.</p> <p>20 MR. GEORGE: And there is one more element to</p> <p>21 add here, which is the -- let's call it the X factor.</p> <p>22 If you notice, the Torchlight stock is massively</p> <p>23 shorted.</p> <p>24 MR. SIMONA: Yeah.</p> <p>25 MR. GEORGE: There are not only American</p> <p style="text-align: right;">Page 5</p>

<p>1 short positions, but also international and naked 2 short positions. This deal is set up not to give a 3 cash dividend at closing, so in order for the short 4 positions to cover, they have to have the stock on 5 their hand because the dividend will be paid out as a 6 preferred share, not cash. As a result, there is no 7 physical way for the shorts to cover this stock when 8 the time to close, and we believe -- or at least we 9 expect that there will be -- if the market conditions 10 allow a potential jump towards the close, we don't 11 know by how much, and we don't know if it's going to 12 happen, but we have seen other stocks that have 13 experienced a massive increase towards such an event 14 where the shorts have to, you know, it's called a 15 short squeeze. 16 We are -- if you look at the statistics 17 today, we are in the top three percentile globally for 18 a short squeeze, and talking about Torchlight. And if 19 that happens, then, I mean, if the stock obviously 20 goes to \$4, \$5, whatever it goes to -- or \$1, you 21 know, if the markets collapse, you know, there's 22 always that delta that's going to be reflected at the 23 end when we close the deal for the full 24 capitalization. So it could be very positive, it 25 could be also negative depending on the market</p> <p style="text-align: right;">Page 6</p>	<p>1 MR. GEORGE: As you know, when Torchlight 2 decided to sell the business, let's say, to change 180 3 degrees, their business model, and find a company like 4 us, they looked at many different companies, they 5 selected us, we selected them, and today, you know, 6 the price of oil from one -- 12-month period, went 7 from negative to being, you know, let's say in a good 8 momentum. 9 MR. SIMONA: Yeah. 10 MR. GEORGE: So the more time that goes by 11 over the next six months, I can tell you that 12 Torchlight management is speaking to the right 13 potential buyers, that they're top tier, and frankly, 14 nobody can predict if this is going to be a -- a \$1 or 15 a \$20 dividend that it's very difficult because buyers 16 have their own different motivations, and they'll 17 think about the price differently depending on where 18 we are in the market. You have seen that in the 19 United States the new President Biden has done some 20 additional restrictions in the oil and gas industry. 21 MR. SIMONA: Yeah. 22 MR. GEORGE: And that makes an asset -- or 23 the assets that Torchlight has even more valuable. So 24 if you announce a dividend today, you are shooting 25 yourself in the foot, as they say. I believe that the</p> <p style="text-align: right;">Page 8</p>
<p>1 conditions. 2 MR. SIMONA: Regarding of this topic, if you 3 don't communicate the -- MR. George? 4 MR. GEORGE: Yes. 5 MR. SIMONA: I have a question, sir, 6 regarding of this topic, I understand that you want to 7 communicate before that to the shareholders assembly 8 meeting, the -- the special dividend took -- was seen 9 to give to the preferred (inaudible), but you don't 10 make the joke of the -- the short people, they joke 11 will (inaudible). 12 MR. GEORGE: So -- 13 MR. SIMONA: And if -- if the special 14 dividend for you, because if -- if it is special 15 dividend is about \$1, probably many people exit, in 16 case you give a dividend (inaudible), probably you -- 17 you give a possibility shareholders (inaudible) the 18 shares. 19 MR. GEORGE: Yeah. So I understand the 20 challenge, let's say. It is in every document, and 21 communication filed officially or even press releases, 22 that there will not be a dollar amount press released 23 until we sell the assets. According to the schedule, 24 the assets need to be sold in about six months' time. 25 MR. SIMONA: Yeah.</p> <p style="text-align: right;">Page 7</p>	<p>1 dividend will be very exciting for the Torchlight 2 shareholders, and my hope is that they'll take it, and 3 do whatever they want with it, and maybe buy some 4 additional MMAT stock on the future, on the Nasdaq, 5 that's my hope, and that's why we did not want to 6 touch the dividend, because we on the Meta side could 7 not even predict the price of oil six months ago, or 8 where the -- this Biden administration would create 9 potentially additional reasons for the assets to be 10 more valuable. 11 MR. SIMONA: And for you, if (crosstalk). 12 MR. GEORGE: So the -- the -- to conclude the 13 (inaudible) conclude is that it's -- it's a preferred 14 share for a reason, it's not priced, and in order for 15 the shorts to deliver this, they have to own the 16 stock, they cannot borrow the stock, they can -- they 17 cannot short the stock, they have to own the stock to 18 participate in the dividend, and so does any other 19 normal investor. And as a result, because of the 20 potential is -- if you look at the statistics, you 21 know, it could be a dollar to more than \$20 according 22 to the analysis. It's, you know, it's -- it's 23 difficult to -- to predict where it's going to end up. 24 MR. SIMONA: But if -- if I divide it in a -- 25 in a three range, this is a -- this range that you</p> <p style="text-align: right;">Page 9</p>

<p>1 give us from a \$1 to \$20, and if it is a low for 2 example, is a 1 to 5, medium, 5 to 12, and 5 to -- 12 3 to 20, for -- for you we're staying a low, medium 4 height. 5 MR. GEORGE: I cannot give you that 6 prediction. I am not part of the management of 7 Torchlight, also I'm not an expert in oil and gas 8 assets. 9 MR. SIMONA: What if Derek? 10 MR. GEORGE: Derek may be better suited. And 11 when I say 20, that could be also a low number, like, 12 honestly, today I know that whatever it was valued at 13 last year, it's more, that's the only thing I can tell 14 you, just based on the price of oil, and what the 15 Biden administration has done. Other than that, 16 everything else is speculative, so, I don't know, 17 Mark, if you want to add to this? 18 MR. MARK: Yeah. Just -- just Marco, we -- we 19 can talk more about price, okay? The -- the price 20 stuff, I -- I don't mean to be disrespectful, but we 21 are putting us in a difficult position, you -- you're 22 not allowed -- you're not allowed -- he's a director 23 of the company, and talk about future price, okay? 24 We've also used a half hour of an hour, and you -- we 25 haven't even started on the company.</p> <p style="text-align: right;">Page 10</p>	<p>1 CERTIFICATE OF TRANSCRIBER 2 I, JOHN SMITH, do hereby certify that this 3 transcript was prepared from the digital audio 4 recording of the foregoing proceeding, that said 5 transcript is a true and accurate record of the 6 proceedings to the best of my knowledge, skills, and 7 ability; that I am neither counsel for, related to, 8 nor employed by any of the parties to the action in 9 which this was taken; and, further, that I am not a 10 relative or employee of any counsel or attorney 11 employed by the parties hereto, nor financially or 12 otherwise interested in the outcome of this action. 13 14  15 JOHN SMITH 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: right;">Page 12</p>
<p>1 MR. GEORGE: Frederico, you're -- you're 2 muted. 3 MR. FREDERICO: No -- no, it's all good -- 4 it's so good, Mark, it's good. No -- no, it's -- it's 5 duty worker, we have -- 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: right;">Page 11</p>	

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